



Departmental Quarterly Performance Report

Department of Procurement Management (DPM)

Reporting Period:

FY 2004-2005

3rd Quarter

April - June 2005

Departmental Quarterly Performance Report

Department Name: Department of Procurement Management (DPM)

Reporting Period: FY 2004-2005 – 3rd Quarter

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EXECUTIVE SUMMARY

During the third quarter of FY 2004-05, the Department of Procurement Management (DPM) continued to focus on improving its business processes while making every effort to manage the increasing workload. DPM also continues to make significant progress in reducing procurement cycle times, and improve revenues while enhancing competition.

During the third quarter, DPM exceeded its target procurement processing cycle time for Request for Proposals (RFP) and Invitations to Bid (ITB) solicitations valued under \$1 million. The average cycle times for these solicitations were 140 days and 109 days which exceeded the target by 10 days and 33 days respectively. With regard to RFPs valued over \$1 million only one solicitation was completed during the Quarter. This solicitation took 326 days and missed the target of 323 days, by three days. There was no ITB solicitation valued over \$1 million awarded during the third quarter.

DPM continues to process solicitations through the pilot Expedited Purchasing Program (EPP) approved by the Board of County Commissioners. The EPP, initiated by DPM, provides limited flexibility for one year for procuring goods and services valued up \$1 million and expires in February 2006. At the end of the third quarter, DPM recommended 28 solicitations to be processed through the EPP. Twenty solicitations were approved and eight others are pending County Manager's approval. Once the pilot program expires, DPM will evaluate the results of the program and make recommendations concerning permanent adoption of expedited procurement processes.

DPM continues its commitment to small business participation in County procurement. During the third quarter, DPM staff worked with the Department Business Development (DBD) to ensure effective implementation of the new program, to provide the requisite support to DBD and other client departments and to fine tune DPM's increasing role in the implementation of the new Small Business Enterprise (SBE) Program. DPM also continues to participate in the SBE Program outreach meetings across the County (planned and managed by DBD) to promote small business participation.

During the third quarter, the countywide freeze created delays in filling critical vacancies. Five employees were hired during the quarter and nine vacancies remain to be filled. The freeze was lifted for all DPM vacancies in July 2005. Aggressive recruitment efforts are underway to fill these vacancies in order to manage the growing workload demands.

In an effort to improve the quality of work and to enhance employee skills, DPM continues to focus significant efforts on training initiatives. The Department exceeded the training and professional development goals for the year. Emphasis during the upcoming quarters will be placed on enhancing skills necessary to improve the presentation of management information using spreadsheets, planning and scheduling tools. All training and professional development efforts are designed to strengthen competencies and enhance efficiencies.

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The year-to-date User Access Program (UAP) revenue total of \$3.2 million exceeds the budgeted projection of \$1.8 million by \$1.4 million. The Department's end-of-year UAP revenue is projected to be \$3.6 million and if realized, will exceed the budget amount by \$1.2 million.

Improving technology tools continues to be a top priority to further streamline business processes, address BCC mandates, enhance the ease of doing business with the County and to efficiently track and report information without multiple data entry efforts. DPM continues to work with the other departments to complete assessment of technology options for countywide implementation. Automated procurement solutions will be implemented once the County completes the assessment of the feasibility of countywide implementation of the County's Enterprise Resource Planning (ERP) software package.

PERFORMANCE MEASURES / INITIATIVES

The following details DPM's performance with respect to the County's Enabling Strategies goals, related performance targets and preferred outcomes.

GOAL (ES3): Ensure the timely acquisition of "best value" goods and services while maintaining integrity and inclusion

Outcome (ES3-1): Streamlined and responsive procurement process

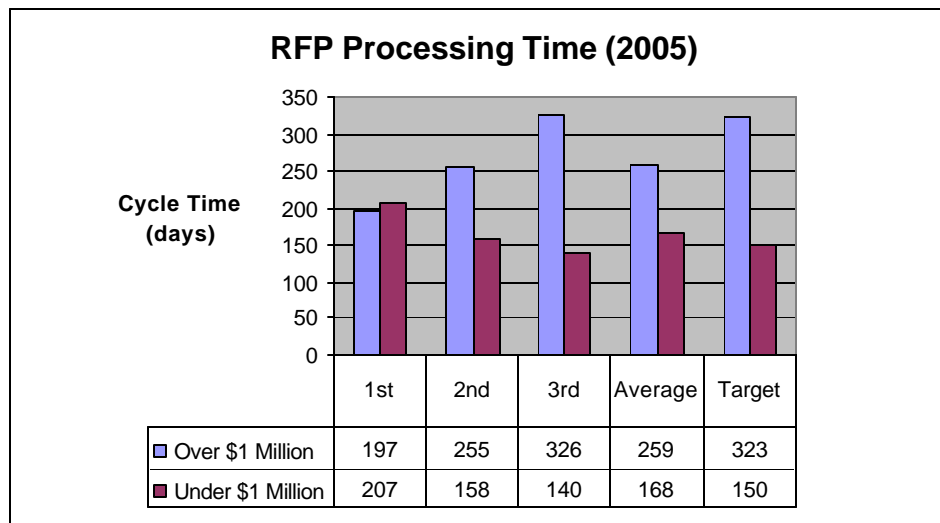
1. Performance Measure: Processing Time for Request for Proposals (RFP's).

Reduce procurement cycle using National Institute of Governmental Purchasing (NIGP) recommendations as benchmarks for 70% of solicitations:



Exceeded target for contracts under \$1 million

For tracking purposes, processing times were measured from the date the requisition and scope of work are finalized to the date of contract award. Work orders are included for this measurement. The chart below shows the performance to date and the targets assuming that DPM was fully staffed and that proposed legislative changes were approved.



For solicitations valued under \$1 million, DPM beat the targeted processing time by 10 days for the quarter.

Only one RFP solicitation valued in excess of \$1 million was awarded during the third quarter. The processing time for this solicitation (326 days) fell short of meeting the target (323 days) by three days. However, average performance year-to-date (259 days per procurement) continues to beat the performance target.

2. Performance Measure: Processing times for Invitations to Bid (ITBs).

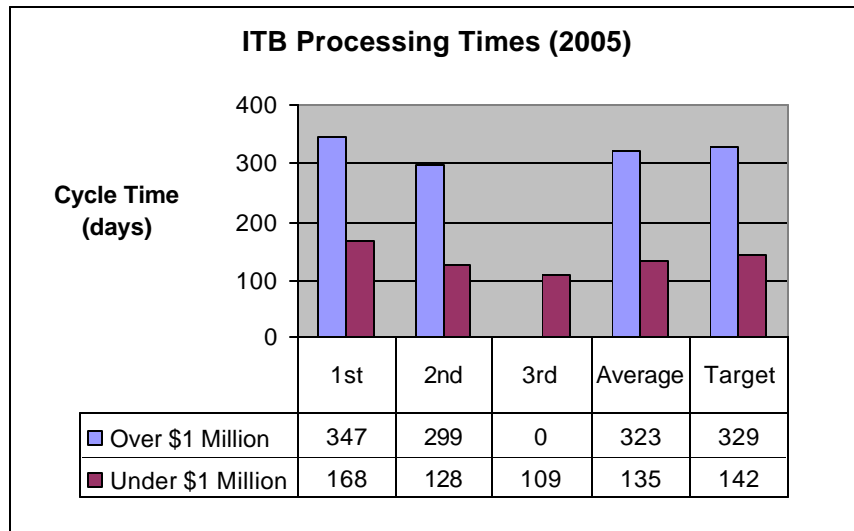
Reduce procurement cycle using National Institute of Governmental Purchasing (NIGP) recommendations as benchmarks for 70% of solicitations:



Exceeded target for contracts under \$1 million

Processing time for the purpose of tracking is measured from the date the requisition and scope of work are finalized to the date of contract award. Processing times generally will exclude the time delays due to bid protests and it is assumed that the targets are attainable if DPM is fully staffed and that some legislative initiatives are approved.

As shown in the chart below, the third quarter procurement processing cycle time for contracts under \$1 million (109 days), beat the target (135 days) by 26 days. There were no solicitations valued over \$1 million that were awarded during the third quarter.



3. Performance Measure: Workload management

Manage Contract / Solicitation Workload

Managing the procurement workload typically involves managing active contracts, processing modifications and extensions, processing and exercising options-to-renew, performing market research, developing new solicitations and performing evaluation and selection procedures. These activities alone result in approximately 1,600 procurement actions being undertaken at any given time within the Department. For performance reporting purposes, DPM reports only the number of active contracts and excludes one-time purchases, contract extensions and change orders and options to renew. In fiscal year 2004, one-time purchases and contract modifications totaled 177 and 849 respectively.

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Table 1 shows the workload by unit defined as the total number of active contracts for the year. By the end of FY 2005, the number of solicitations is expected to increase by 15% over the 2004 levels and by an additional 16% in FY 2006. Initial projections from the Business Plan were based on the number of active contracts processed during the respective year (Table 1). Recognizing that workload encompasses all contract actions, including contract maintenance for contracts expiring beyond the fiscal year, the workload reported during the first, second and third quarters include all active contracts, as shown in Table 2. The actual number of contracts reported by quarter exceeds the projected total workload. During the second quarter, DPM staff managed 1,164 contracts and in the third quarter, this workload increased to 1,227.

| Table 1 Current and Projected Procurement Workload (Active Contracts only) | | | |
|---|----------------------------|--------------------------------|--------------------------------|
| Contract / Solicitation Workload: | FY 03-04 Actual | FY 04-05 Projection | FY 05-06 Projection |
| RFP Unit (Requests for Proposals) | 155 | 230 | 250 |
| Bids and Contracts (Invitations to Bid) | 573 | 635 | 760 |
| Information Technology Unit (RFPs, ITBs, Bid Waiver and Sole Source Contracts) | 211 | 215 | 240 |
| TOTAL | 939 | 1,080 | 1,250 |

| Table 2 Total number of Contracts Managed by DPM by Quarter | | | | |
|--|--|--|--|--|
| Contract / Solicitation Workload: | 1st Quarter FY 04-05 | 2nd Quarter FY 04-05 | 3rd Quarter FY 04-05 | 4th Quarter FY 04-05 |
| RFP Unit | 205 | 223 | 233 | |
| Bids and Contracts | 835 | 809 | 852 | |
| Information Technology Unit | 113 | 132 | 142 | |
| TOTAL | 1153 | 1164 | 1227 | |

The increased workload creates challenges to the Department both for managing the procurement volumes and to significantly reduce procurement cycle times while improving quality. Other factors influencing this increase in workload include the following:

- a. Increased number of Procurements by Departments
- b. Increased number of procurements due to aggressive implementation of the People's Transportation Plan (PTP)
- c. Implementation of the SBE and Micro Enterprise Programs
- d. Rework due to the Hershell Gill decision (immediately impacting approximately 300 procurements)
- e. Passage of the resolution to prepare successor contracts and modification for BCC approval at least 60 days prior to contract expiration

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- f. Board resolution to return to the BCC within six months of issuing a contract (under the manager's authority) where the County may wish to exercise options to renew such contracts

4 Performance Measure: Training (Refer to Table 3):

Provide training and professional development for procurement and support staff, through:

1. *In-house Workshops and County provided training, including Ethics, specification and technical writing*
2. *Focused Workshops and Supervisory Certification*
3. *Purchasing, negotiations, market research and other procurement related subjects*
4. *Specialized training modules developed on behalf of DPM*

**Exceeded target**

| Table 3 Planned Number of Attendees Participating in Training and Professional Development Events | | | |
|--|----------------------------|--------------------------------|-----------------------------------|
| | FY 03-04 Actual | FY 04-05 Projection | FY 05-06 Projection |
| In House and External Training | | | |
| Procurement Training | N/A | 114 | 114 |
| Ethics Training | N/A | 88 | 88 |
| IT Training | N/A | 18 | 18 |
| Employee Relations Dept. Training | N/A | 13 | 13 |
| | FY 03-04 Actual | FY 04-05 Projection | FY 05-06 Projection |
| Miscellaneous Training | N/A | 12 | 12 |
| Selection Committee Member Code of Conduct and Sunshine Requirement Training | N/A | 12 | 12 |
| Specialized Training to be Developed | | | |
| Business Writing and Grammar ? Develop Phase 1 Program ? Conduct Phase 1 Training ? Develop Phase 2 Program ? Conduct Phase 2 Training | | 85 April 2005 July 2005 | 85 April 2006 July 2006 |
| Total | 399 | 342 | 342 |

To date, DPM has exceeded the attendance/training target for the fiscal year. As detailed in Table 4, DPM has trained staff or participated in a variety of development

activities to improve professionalism, skills and enhance quality. Staff is encouraged to use the new skills developed at these training courses to improve their work products.

Table 4
DPM Training Events and Attendees

| Technical Course | 1st Quarter FY 04-05 | 2 nd Quarter FY 04-05 | 3 rd Quarter FY 04-05 | FY 04-05 Total to Date |
|--|----------------------------|--|--|------------------------------|
| 7 th Annual Reverse Trade show NIGP Southeast Florida Chapter (Workshops) | 8 | | | 8 |
| Service Excellence Workshop | 67 | 21 | | 88 |
| New Employee Orientation (ERD) | 5 | 4 | | 9 |
| ADPICS Training | 2 | | | 2 |
| Introduction to Public Procurement- NIGP | | 6 | | 6 |
| 2005 e-Procurement Symposium, Orlando, FL - NIGP | | 2 | | 2 |
| 2005 Government Contract Mgmt. Summit, Arlington, VA- The Performance Institute | | 2 | | 2 |
| Ethics - Miami-Dade Commission on Ethics | | 77 | | 77 |
| The Personnel Law for Supervisors Seminar-SkillPath Seminars | | 1 | | 1 |
| New Horizons - Excel | | 1 | | 1 |
| Excelling at Managing People Workshop-SkillPath Seminars | | 1 | | 1 |
| Bargain w/ vendors and suppliers-National Seminars | | 1 | | 1 |
| Outlook - New Horizons | | 1 | | 1 |
| Purchasing / eProcurement, PeopleSoft Training, Burlington, MA | | 1 | | 1 |
| State/Local Law Enforcement Equipment Procurements Workshop-NIGP | | 2 | | 2 |
| Purchasing - You know you're good... Now learn how to do it better – NIGP | | 5 | | 5 |
| Certified Purchasing Manager Certification Education Program – FIU | | 1 | | 1 |
| Procurement Guidelines- ERD & DPM | | 1 | | 1 |
| Employee Performance Appraisal Workshop (Internal) | | 20 | | 20 |
| Developing and Managing RFPs in the Public Sector (NIGP) | | | 1 | 1 |
| Supervisor Certification Program | | | 2 | 2 |
| 4 th Annual Community Small Business Enterprise Conference (DBD) | | | 3 | 3 |
| The Managing Multiple Project Seminar – Skillpath Seminars | | | 1 | 1 |
| Supply Chain Research Trends and Market Intelligence (ISM) | | | 3 | 3 |
| Senior Management Performance Appraisal | | | 2 | 2 |
| FAPPO Annual Conference 2005 | | | 3 | 3 |
| Business Expansion Workshop-Perrine/Cutler Ridge Council, Inc. | | | 3 | 3 |
| Power Point – Level 2 – New Horizons | | | 2 | 2 |
| Stress Management by Lisa Dorfman, MS, RD, LMHC | | | 90 | 90 |
| Extraordinary Administrative Support Professional Certificate (FIU) | | | 1 | 1 |
| 2005 Selection Committee Professional Development Workshop | | | 9 | 9 |
| Active Strategy Enterprise Training for Business Plan/Quarterly Reports | | | 1 | 1 |
| TOTAL | 82 | 147 | 121 | 350 |
| TARGET FOR FISCAL | | | | 342 |

5. Performance Measure: Improved Technology Tools:

Select an improved technology solution to replace current purchasing system to implement

1. Solicitation tracking (step-by-step)
2. Tracking and reporting on vendor past performance
3. E-Procurement enhancements
4. Management information systems, reporting and business management
5. Procurement planning



On target

DPM researched the technology options and selected an improved technology solution to replace the current inadequate purchasing systems DPM is also prepared to procure and implement the TIER solution to meet the business and Board mandates as follows:

1. Solicitation Tracking System by Resolution No. 442-04
2. Vendor Past Performance Tracking: Mandated by Resolution 342-04
3. E-Procurement Automation: Implementation of Automated Solicitation Preparation Process
4. Bid Tracking and Tally Sheets

In preparation for the implementation, DPM developed a high level implementation plan, timeline and cost estimates. However, the County subsequently purchased an enterprise ERP solution that also encompasses a large number of procurement functionality. Both technology options are being evaluated by the Chief Information Officer and the County Manager in light of the timing, feasibility, cost and the County's ability to implement the enterprise solution. DPM will implement the solution recommended by the Manager.

GOAL (ES3):

Ensure the timely acquisition of "best value" goods and services while maintaining integrity and inclusion

Outcome (ES3-2): Full and Open Competition

6. Performance Measure: Full and Open Competition:

Reduce the percentage of non-competitive contracts (sole source and bid waivers contracts)



Below target

The percentage of contracts that were not competed was reduced from 31% of the total number of contracts in FY 02-03 to 23% in FY 03-04. Non-competitive contracts include bid waiver and sole source contracts. However, as DPM works with client

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departments to reduce the number of non-competitive actions, it is becoming increasingly difficult to achieve the targets as contract terms vary and a large percentage of contracts will not expire this year. Based on these factors, DPM plans to reduce the number of non-competitive contracts from 23% to 17% during the current fiscal year. To date, staff has reduced the number of non-competitive contracts to 20%.

GOAL (ES3): Ensure the timely acquisition of “best value” goods and services while maintaining integrity and inclusion

Outcome (ES3-3): “Best Value” Goods and Services (Price, Quality, Terms and Conditions)

7. Performance Measure: Revenue Maximization:

Maximize revenue by including User Access Program (UAP) fees in 100% of eligible contracts



Met target

In FY 2004, DPM collected \$973,000 in UAP revenue which represents a 16% increase over the mid-year projection. The aim in FY 2005 is to include the UAP in all eligible contracts that are managed/initiated through the Department of Procurement Management. As shown in the table below, DPM was able to include the UAP in 100% of all contracts during the third quarter. The UAP language has been added to 1,186 contracts to date.

| Table 5 Application of UAP to DPM Managed Contracts in FY 2005 | | | | | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|------------------------|
| | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | FY 04-05 Average |
| Percentage of eligible contracts that includes the User Access fee | 100% | 99.6% | 100% | | 99.9% |

PERSONNEL SUMMARY

A. Filled/Vacancy Report

| Filled/Vacancy Report | | | | | | | | | |
|---|---------------------|--|--------|-----------|--------|-----------|--------|-----------|--------|
| Filled as of September 30 th of Prior Year | Current Year Budget | Number of Filled and Vacant Positions at the end of each quarter | | | | | | | |
| | | Quarter 1 | | Quarter 2 | | Quarter 3 | | Quarter 4 | |
| | | Filled | Vacant | Filled | Vacant | Filled | Vacant | Filled | Vacant |
| 89 | 96 | 89 | 7 | 92 | 4 | 87 | 9 | | |

B. Key Vacancies

A countywide freeze on hiring created delays in filling vacancies during the third quarter. In July 2005, the freeze was lifted for DPM, allowing the Department to proceed with recruitment of all vacancies noted below.

| Position | Division | Status |
|--------------------------------------|---|--------------------------------|
| Procurement Contracting Officer | Purchasing Division (RFP Unit) | Estimated to be filled 9/12/05 |
| Procurement Contracting Supervisor | Purchasing Division (Bids & Contracts Unit) | Filled 7/25/05 |
| Sr. Procurement Contracting Agent | Technical Services Division (IT Procurement Unit) | Estimated to be filled 8/15/05 |
| Procurement Contracting Technician | Purchasing Division (Bids & Contracts Unit) | Estimated to be filled 10/1/05 |
| IT Contracts and Procurement Officer | Technical Services Division (IT Procurement Unit) | Estimated to be filled 8/30/05 |
| Sr. Procurement Contracting Agent | Purchasing Division (Bids & Contracts Unit) | Estimated to be filled 8/1/05 |
| Sr. Procurement Contracting Officer | Technical Services Division (IT Procurement Unit) | Filled 7/11/05 |
| Executive Secretary | Director's Office | Estimated to be filled 9/12/05 |
| Administrative Secretary | Purchasing Division | Estimated to be filled 9/12/05 |

C. Turnover Issues

None

D. Skill/Hiring Issues

None

E. Part-time, Temporary and Seasonal Personnel (Not Applicable)

DPM has no Part-time, temporary or seasonal County personnel; however, the Department employed five temporary agency employees during the second quarter as shown below.

| Temporary Agency Employees Employed FY 2005 Second Quarter | | |
|---|----------------|--|
| No. | Classification | Division |
| 1 | Clerk 3 | Administrative & Fiscal Division (Vendor Assistance Unit) |
| 4 | Clerk 4 | Purchasing Division (3) Technical Services Division (1) |

F. Other Issues

There are not significant additional issues addressed during the quarter.

FINANCIAL PERFORMANCE

The Financial Summary presented below reports revenue and expenditure for the third quarter. Proprietary revenue of \$3.2 million, mainly from the User Access Program (UAP), exceeds the budgeted projection of \$1.8 million by \$1.4 million. The Department's end-of-year UAP revenue is projected to be \$3.6 million and if realized, will exceed the budget amount by \$1.2 million. General Fund and Capital Working Fund revenue will be transferred to DPM at the end of the fiscal year. Year-to-date expenditures of \$5.6 million are 70% of the annual budget of \$8 million. A supplemental budget of \$117,000 will be required to cover the cost of three additional temporary employees (\$60,000) to address workload issues in the Bids and Contracts and RFP Units, and a backlog in the Vendor Assistance Unit; negotiated cost of living wage adjustments (\$47,000); and overtime pay for employees assigned to the November 2004 election (\$10,000). Funding will be provided from UAP revenue, if required.

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| Financial Summary Department of Procurement Management (All dollars in thousands) | | | | | | | | |
|---|-------------------------|---------------------------|---------------------|----------------|----------------|----------------|------------------|--------------------------|
| | Prior Year Actual | Total Annual Budget | CURRENT FISCAL YEAR | | | | | |
| | | | 3rd Quarter | | Year-to-date | | | |
| | | | Budget (a) | Actual | Budget | Actual | \$ Variance | % of Annual Budget |
| Revenues | | | | | | | | |
| Proprietary Revenue (b) | 1,052 | 2,461 | 616 | ,1509 | 1,847 | 3,240 | 1,393 | 131.65% |
| Capital Working Fund (c) | 118 | 125 | 31 | 0 | 93 | 0 | (93) | |
| GF Transfer (c) | 6,641 | 5,424 | 1,356 | 0 | 4,068 | 0 | (4,068) | |
| Carryover | 75 | | | | | | | |
| Total | \$7,886 | \$8,010 | \$2,003 | \$1,509 | \$6,008 | \$3,240 | \$(2,768) | |
| | | | | | | | | |
| Expense | | | | | | | | |
| Personnel | 6,845 | 6,892 | 1,723 | 1,627 | 5,169 | 4,925 | 244 | 71.46% |
| Operating | 815 | 1,065 | 267 | 167 | 800 | 664 | 136 | 62.35% |
| Capital | 73 | 53 | 13 | 20 | 39 | 49 | (10) | 92.45% |
| Total | \$7,733 | \$8,010 | \$2,003 | \$1,814 | \$6,008 | \$5,638 | \$370 | |

Financial Notes:

- Third quarter budget reflects ¼ of total budget amounts.
- Proprietary revenue includes revenue from the User Access Program (UAP)
- General Fund and Capital Working Fund revenue to be transferred at the end of the fiscal year.

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Department Director Review

The Department Director has reviewed this report in its entirety and agrees with all information presented.

Signature
Miriam Singer, Director

Date